

**Maine Citizen Trade Policy Commission
Meeting and Public Hearing Summary
October 24, 2012
Skowhegan Community Center
Skowhegan, Maine
2:00pm and 5:30pm**

Members Present:

Rep. Joyce Maker, Senator Roger Sherman, Senator John Patrick, Senator Tom Martin, Rep. Bernard L.A. Ayotte, Linda Pistner, Jay Wadleigh, Stephen Cole, Mike Karagiannes, John Palmer, Joseph Woodbury, and Harry Ricker.

Staff:

Danielle Fox and Alyson Mayo (Office of Policy and Legal Analysis)

After introductions, the meeting opened with Rep. McCabe discussing his September trip to participate in stakeholder events at the TPPA trade negotiations in Leesburg, Virginia. According to Rep. McCabe, he was invited to do a presentation along with many other interested parties and non-governmental organizations. His participation in the Leesburg event related to his representation of an area where one of the few American shoe manufacturing facilities is located (New Balance). He indicated that participation was challenging because of the confidential nature in which negotiations take place.

Rep. McCabe also spoke briefly about a recent visit by USTR Ambassador Ron Kirk to the New Balance facility in Norridgewock. Rep. McCabe indicated that he hoped for more of a commitment to US manufacturing from Ambassador Kirk. He noted that when he expressed this to Ambassador Kirk, he responded that a lot of New Balance's concerns were "under consideration."

Rep. McCabe said that if the tariffs do not stay in place on footwear coming into the United States, New Balance does not think it can continue to produce shoes, resulting in the loss of 800 jobs. John Palmer asked if Rep. McCabe had spoken to Rep. Windsor and Rep. Hamper who also represent districts with ties to New Balance. Rep. McCabe said he had worked to get Ambassador Kirk to meet with other representatives when Kirk came to Skowhegan, but it did not happen and even Rep. McCabe and Rep. Treat were not allowed to ask questions or go on the tour.

Staff presentation regarding trade agreements and tobacco regulation.

Danielle Fox summarized what she learned through an October 17th webinar organized by the Legacy Foundation, entitled "Tobacco Control and Policy and Trade Negotiations: Bartering Away the Will of the People." The webinar is archived and available at www.legacyforhealth.org/warnerseries. Panelists included: Chris Bostic, Deputy Director for Policy, Action on Smoking and Health; Benn D. McGrady, Director, O'Neil Institute Initiative

on Trade, Investment, and Health, and Adjunct Professor, Georgetown University Law Center; and Rep. Sharon Treat, House District 79, State of Maine.

The webinar highlighted the methods tobacco corporations use to allege trade violations and engage in trade disputes that will set precedents in their favor. Ms. Fox summarized the Framework Convention on Tobacco Control (FCTC), the first ever global health treaty on tobacco signed by 176 countries representing 88% of global population. According to the World Health Organization (WHO) the mission of the treaty, adopted in 2003, is to protect future generations from the negative implications brought about by the sale and use of tobacco. The treaty set minimum standards to which the signatories are bound, though they are encouraged to adopt policies that exceed those standards. All countries involved in TPP negotiations have signed the agreement, except for the United States. In 2009, the Family Smoking Prevention and Tobacco Control Act became US law in 2009, and is similar in principle to the FCTC.

Staff person Danielle Fox described trade disputes where Phillip Morris International (PMI) challenged various regulations supported by the FCTC as violations of multilateral or bilateral trade agreements. The disputes highlighted in the presentation, included those in Australia, Norway and Uruguay.

Ms. Fox stated that the seminar by the Legacy Foundation brought forward examples of trade disputes which showcased the methods a corporation with unlimited money may exploit with regard to trade agreements, sometimes utilizing multiple methods if the first does not work. A corporation could choose from multilateral agreements, bilateral agreements, domestic courts, or even a technique where they convince a country with investor status to bring a claim against another country. The examples were presented to illustrate how a corporation's efforts exhaust the resources of the opponents through its multi-track approach.

The Commission reconvened at 5:30 pm for a "Trade 101" presentation by Rep. Sharon Treat, followed by a public hearing.

The following comes from Rep. Sharon Treat's presentation:

The Office of the United States Trade Representative (USTR) is in the Executive Office of the President. Congress must approve trade agreements. In the past, presidents have "fast-tracked" the agreements, meaning Congress can only vote the entire agreement up or down and cannot make amendments.

The negotiation process is flawed and lacks transparency. The role of states in affecting treaties is limited. The Intergovernmental Policy Advisory Committee (IGPAC) has only two state representatives. Experts cannot review texts. The advisory committee consists of lawyers and representatives from corporations. It is difficult to figure out how to get involved if you are not one of these people. Maine is a leader and wants to be at the table more. The Maine Citizen Trade Policy Commission (CTPC) was created in 2003. Other states have tried to emulate Maine's CTPC, but Maine remains ahead of the others. The Maine State Legislature requested less secrecy and more communication on trade agreements through joint resolutions supported by both Democrats and Republicans. Stakeholder participation has been increasingly limited

during the negotiation process and it is basically an insider system with no public health representation, a lack of key members of Congress and few state level advisors.

There are many agreements and abbreviations in the world of trade: NAFTA, CAFTA, GATT, GATS, TPPA (still under negotiation), BIT and WTO. The WTO (World Trade Organization) continues to be amended. The TPPA consists of eleven countries currently, and any country that touches the Pacific Ocean may participate. Mexico and Canada are joining even though they are entering two years after negotiations began. The TPPA could expand to include China and Japan, and has already been termed "NAFTA on steroids" by the Public Citizen website, where it's also called a power tool and dream of the 1%. The USTR's website states that the TPPA is important in the efforts to support the creation and retention of high quality jobs for Americans. The 15th round of negotiations will be in December 2012.

Are there benefits to Maine from the TPPA? The USTR states that the TPPA offers tremendous opportunities for US exporters. 82% of Maine's \$3.2 billion of export shipments of merchandise went to the Pacific Rim, including marine, paper, electronic and apparel products.

Rep. Treat said there are some key concerns. In regard to tobacco, Maine has its own regulations to keep tobacco away from young people. Another concern is the investor-state. Will the TPPA include a provision that allows foreign companies to use laws and regulations in international arbitration tribunals and sue the United States? Access to medications is another concern in the TPPA, especially relating to intellectual property and regulatory transparency. Procurement and tariffs are also big items.

The CTPC had an assessment of TPPA done in 2012 that highlighted issues of concern for Maine. Procurement was one. The US wants to assure basic human rights and fair labor standards are met when taxpayer money is used to purchase goods. The US also wants a level playing field and the ability to govern itself without overruling the treaty.

A tariff is a tax on an imported good. They are adopted for a variety of reasons including: to protect domestic employment from unfair competition; to protect consumers; to protect infant industries while they get a foothold; to protect national security; and to retaliate. In the TPPA, the general US goal is to decrease all tariffs to 0 on TPPA partners, but there could be exceptions. All countries have issues they want to treat differently. A timetable for implementation is also an issue.

Rules of origin deal with how much of a product's materials or production must be manufactured domestically to be labeled 'Made in USA' or not subject to tariffs. How is that percentage calculated? Will TPPA have the same rules as NAFTA, or a less protective standard? Tariffs and rules of origin can help level the playing field.

The US and Vietnam are at loggerheads on market access for footwear in the TPPA. Vietnam is China's new low-wage competitor and can produce goods 35-45% cheaper than some cities in China. Vietnam is the third largest producer of leather and footwear

Worker safety, health and environmental protections, minimum wage and benefits, a 40 hour workweek plus overtime, child labor and right to work are issues of importance to the US in TPPA agreements. The enforcement of many of these issues, especially worker safety, and wage and hour enforcement (including exceeding legal overtime amounts) is another concern.

Overseas factories, even those "certified" to be safe, are not necessarily. Pakistan recently had a factory that burned three days after an organization certified it safe. The exit doors were blocked and workers could not escape. They also pay low wages and use inappropriate labor. The US State Department discovered a 2011 investigation by the Ho Chi Minh Department of Labor, Invalids, and Social Affairs that found the use of child labor in seven of twenty-four districts. Treaties may have rules against child labor, but they are not necessarily enforced. Communist countries have state-owned enterprises and make laws and then don't enforce them.

How can the public get involved? People can inform themselves on trade issues and contact members of Congress and the President as well as talk to state legislators. People can attend hearings, including CTPC public hearings, and offer input. Rep. Treat posts information each week on trade issues on her Facebook page under Sharon Anglin Treat.